

AM03

Notice of administrator's proposals



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 6 7 9 3 9 8 0

Company name in full Morses Club Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Robert Thomas

Surname Spence

3 Administrator's address

Building name/number c/o Interpath Ltd

Street 10 Fleet Place

Post town London

County/Region

Postcode E C 4 M 7 R B

Country

4 Administrator's name ①

Full forename(s) Edward George

Surname Boyle

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number c/o Interpath Ltd

Street 10 Fleet Place

Post town London

County/Region

Postcode E C 4 M 7 R B

Country

② Other administrator

Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

6

Statement of proposals

☒ I attach a copy of the statement of proposals**7**

Qualifying report and administrator's statement ^①

☐ I attach a copy of the qualifying report☐ I attach a statement of disposal

^① As required by regulation 9(5) of The Administration (Restrictions on Disposal etc. to Connected Persons) Regulations 2021)

8

Sign and date

Administrator's
Signature

Signature

X**X**

Signature date

^d 2 ^d 2

^m 1 ^m 2

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AM03

Notice of Administrator's Proposals



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Marie Hayden

Company name Interpath Ltd

Address 5th Floor, 130 St Vincent Street
Glasgow

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County/Region

Postcode

Country

DX

Telephone Tel +44 (0) 214 5929



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Joint Administrators' proposals

Morses Club Limited - in Administration

22 December 2023

Deemed delivered: 22 December 2023

Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://morsesclub.ia-insolv.com>. We hope this is helpful to you.

Should you require a hard copy of this report or other document available on the insolvency portal, please contact us by email at suppliers_morsesclub@interpathadvisory.com; in writing to The Joint Administrators of Morses Club Limited, c/o Interpath Advisory, 5th Floor, 130 St Vincent Street, Glasgow G2 5HF, United Kingdom; or by telephone on 0203 989 2771.

Please also note that an important legal notice about this statement of proposals is attached (Appendix 8).

Fraud warning:

Being alert to scams – all customers should remain alert to the possibility of fraud. If you are cold called by someone claiming to be from the Company, Interpath or the FCA, please end the call and call the Morses Club customer team on **0330 045 0719**. More information about this can be found on the FCA website at: www.fca.org.uk/scamsmart

Fraudsters may contact creditors asking for an upfront fee or tax to release an investment, pay a dividend or enable the release of money payable to the creditor. An administrator would never ask for such a payment nor instruct a third party to make such a request.

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1 Executive summary

Morses Club Limited – in administration (the ‘Company’/‘Morses’) was incorporated on 16 January 2009 and operated a Home Collect Credit (‘HCC’) business offering loans generally between £200 and £1,500 with a tenor of up to 52 weeks. The majority of loans recently issued were for a tenor of 3 or 6 months.

The market in which the Company operated experienced a significant upturn in the number of redress claims being brought by customers in relation to past lending practices and in particular by claims management companies. Although the Company had historically been profitable, the increasing number of claims being received, together with the costs of administering and paying redress sums for such claims, significantly impacted the Company’s available working capital and led it to be loss making since its financial year 2022 (“FY22”). In addition, the Financial Conduct Authority (‘FCA’) made supervisory interventions in regard to the firm’s lending practises and required the firm to appoint a s166 Skilled Person to undertake a review. Subsequently, the redress liabilities identified and the operational costs of handling customer complaints led Management to seek a restructuring of the business in order to allow the business to avoid insolvency. This restructuring included the implementation of a Scheme of Arrangement (‘Scheme’) in 2023 that sought to address the historic redress liabilities.

As part of the restructuring, the Group (being Morses, its direct subsidiary Shelby Finance Limited (also now in administration) (‘Shelby’) and dormant non-trading entities) also needed to perform the following, as well as certain other things:

- to refinance its debt facilities with Hay Wain Group Limited (as Security Agent) (‘Hay Wain’), its sole secured creditor, which matured on 16 November 2023; and
- under the terms of the Scheme, perform an equity raise by June 2024.

Management was unable to refinance the debt facilities prior to them maturing. Subsequently, the directors deemed it unlikely that the Company would be able to avoid insolvency and having regard to their legal duties (on which they had been taking professional advice), the directors concluded that they should take steps to appoint administrators to the Company.

Rob Spence and Ed Boyle were appointed as Joint Administrators of the Company by the Directors on 17 November 2023. On the same date, Rob Spence and Ed Boyle were also appointed as Joint Administrators of Shelby (See Section 2 – Background and events leading up to the Administration).

The Company ceased making any new customer loans shortly prior to our appointment as Joint Administrators. We are trading the business in a limited capacity, using Company staff and systems to collect outstanding loan balances, whilst we additionally explore the options available to sell the loan book and supporting platform to a third party in order to maximise realisations for creditors. The Company needs to continue to comply with its regulatory obligations, such as the handling of customer complaints, whilst collecting out the loan book (See Section 3 - Strategy and progress of the administration to date).

Hay Wain holds fixed and floating charge security in relation to a £3.1 million debt facility which is cross guaranteed by Shelby. Based on current estimates, we consider that the Secured Creditor is likely to be repaid in full, although this is subject to the level of net realisations from the Company's assets (Section 5 - Dividend prospects).

At present we understand that ordinary preferential creditor claims of £232,856 may exist in respect of arrears of wages, unpaid annual leave and certain pension benefits accrued to the Company's employees. We are also aware of secondary preferential creditor claims of £442,430 that relate to employer-based taxes due to HMRC that are unpaid at our appointment. It is currently uncertain whether there will be any funds available for a distribution to either the ordinary or secondary preferential creditors (See Section 5 - Dividend prospects).

Based on current estimates, it is highly unlikely that there will be a dividend available for unsecured creditors, other than potentially to the extent of any amount available pursuant to the Prescribed Part. Whether there will be any funds, and if so the quantum set aside under the Prescribed Part provisions, remains uncertain as we await the outcome of legal advice to confirm the status of the Secured Creditor's fixed and floating charge security and as we assess interest in the Company's assets (See Section 5 - Dividend prospects).

As a result of the Administration, the Scheme automatically terminated. The Scheme had identified over 60,000 customers with redress claims who are now treated as unsecured creditors of the Company. In addition, under the terms of the Scheme, there are two trust funds, being the Early Termination Fund of £1.2 million and the VREQ Refund of £0.2 million which are to be paid to certain customers with redress claims and which we are managing in line with the Trust terms.

The Joint Administrators' proposals will be deemed approved, with no requirement to seek deemed consent or use a decision procedure, as it appears that the Company has insufficient property to enable us to make a distribution to the unsecured creditors, other than potentially by virtue of the Prescribed Part. Our proposals will be deemed approved within eight business days following delivery to creditors (See Section 7 – Approval of Proposals).

We propose that our remuneration will be calculated and drawn on the basis of the time properly given by us and our staff. We will seek approval of our remuneration from the relevant creditor bodies in due course. As mentioned above, we anticipate the only funds that may be available to unsecured creditors will be any Prescribed Part. Accordingly, at present we envisage the applicable creditor bodies for approving remuneration and other decisions during the administration to be the Secured Creditor and potentially also the preferential creditors (Section 8 - Joint Administrators' remuneration, expenses and pre-administration costs).

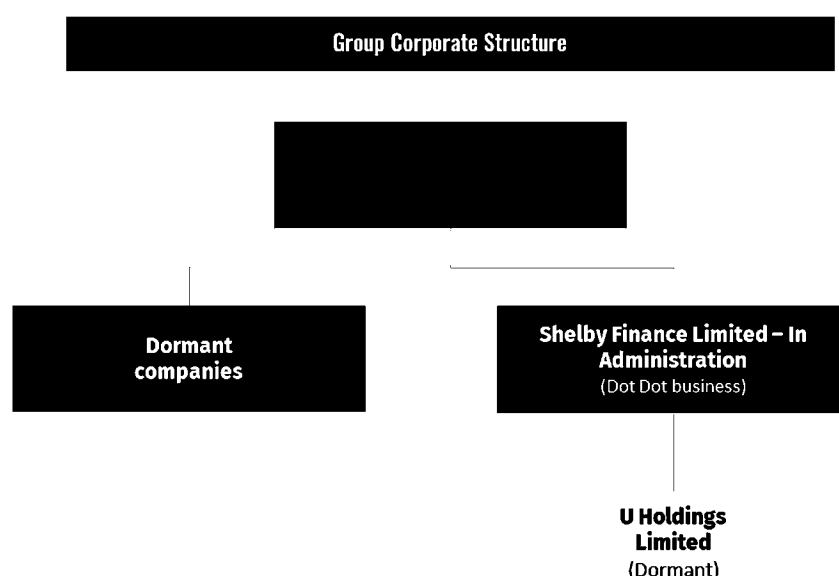
Whilst we are not in a position to confirm our proposed exit route from administration, we currently consider the most likely exit route will be via dissolution of the Company (See Section 6 - Ending the administration).

This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 9 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.

A handwritten signature in black ink, appearing to read 'R Spence', with a stylized flourish at the end.

Robert Spence
Joint Administrator

2 Group structure



The table above shows the simplified group structure. All entities displayed within the simplified group structure are wholly owned subsidiaries. Together the entities form the 'Group'.

The Group consists of two operating companies, being Morses Club Limited ('Morses' or 'the Company') and Shelby Finance Limited ('Shelby'), both of which are now in administration.

Morses Club Limited – in Administration

Morses, incorporated on 16 January 2009, is the parent company of the Group and operated the HCC business.

The HCC division was the market leader in UK home collect credit offering loans between £200 and £1,500 with a tenor of up to 52 weeks but with the majority of loans more recently being issued for 3 or 6 months.

Morses was previously named Morses Club PLC and was listed on AIM. However, as part of the wider restructuring activity and in order to reduce costs, it de-listed from AIM and re-registered as a private limited company in February 2023.

Shelby Finance Limited – in Administration

Shelby, incorporated on 25 June 2012, commenced trading as Dot Dot Loans in March 2017 to provide the Group's online offering. The online business typically offered loan products with an average loan value between £100 and £1,000 with a 3 to 9 months tenor.

We understand this company together with several other entities in the wider group all represent dormant, non-trading entities.

3 Background and events leading to the administration

3.1 Background information

The Company was incorporated on 16 January 2009 and was one of the largest home collect credit providers in the UK, offering small loans from £200 to £1,500 through its 'Morses Club' brand and its network of customer service representatives in the UK.

The Company operated from leasehold premises in Nottingham and Sheffield. However, following the COVID-19 pandemic the vast majority of the employee base were remote working. At the date of our appointment, the Company had 295 employees.

3.2 Funding and financial position of the Company

The market in which the Company operated experienced a significant upturn in the number of redress claims being brought by customers in relation to past lending practices and in particular by claims management companies. Although the Company had historically been profitable, the increasing number of claims being received, together with the costs of administering and paying redress sums for such claims, significantly impacted the Company's available working capital and led it to be loss making since FY22. In addition, the Financial Conduct Authority ('FCA') made supervisory interventions in regard to the firm's lending practises and required the firm to appoint a s166 Skilled Person to undertake a review. Subsequently, the redress liabilities identified and the operational costs of handling customer complaints led Management to seek a restructuring of the business in order to allow the business to avoid insolvency. This restructuring included the implementation of a Scheme of Arrangement ('Scheme') in 2023 that sought to address the historic redress liabilities.

(£'m)	FY23	FY22	FY21	FY20
Revenue	57.4	81.8	86.4	119.3
Profit/(loss) after tax	(24.7)	(59.2)	14.2	20.4

3.3 Events leading to the administration

In May 2023 the High Court approved a Scheme for Morses that sought to resolve its redress liabilities relating to unaffordable loans made by Morses between 1 April 2007 and 2 August 2022. Morses was operating the Scheme and assessing customer claims, with the intention that it would be able to pay compensation to customers with valid

claims in late 2024. The Scheme was designed as part of a wider restructuring in which it also required, amongst certain other requirements, Morses to both refinance its existing debt facilities with Hay Wain (which, following two extensions, matured on 16 November 2023) and perform an equity raise by June 2024. The purpose of the equity raise was to fund the Scheme compensation payments to customers.

Hay Wain's facility originally expired at the end of September 2023, and the two other secured lenders at the time, Santander and Shawbrook, had expressed a desire to exit the Company and the sector. As a consequence, the Board explored options to secure either new funding or other interest in acquiring the Company/its business and assets. The Board worked on this with its financial advisor, EY, during 2022 and 2023. From September 2023, it looked as though an interested party would provide replacement funding to allow the three secured lenders to exit and this option was vigorously pursued. Hay Wain agreed to extend its facility to the end of October 2023 to provide time for the Board to pursue negotiations with the interested party. At this point, Santander and Shawbrook were repaid and exited – partially funded by cash held by the Company and partly funded by Hay Wain. Hay Wain then further extended their facility to 16 November 2023, at the request of the Board and to provide further time for the interested party to conclude a transaction.

On 10 November 2023, whilst Management continued to try and secure replacement funding for the business, Management engaged Interpath to perform contingency planning for a potential administration appointment in the event other funding was not available within the applicable timeframe.

Despite ongoing efforts in the interim period, Management concluded that they would be unable to secure replacement funding for the business and ultimately sought the appointment of the Joint Administrators. Following consent from the FCA under The Financial Services and Markets Act 2000, and with the consent of the Secured Creditor, Rob Spence and Ed Boyle were appointed as Joint Administrators of the Company by the directors on 17 November 2023. The Scheme automatically terminated on our appointment.

At the time of our appointment, we disclosed to the Court details of the work carried out for the Company by Interpath up to that time – summarised below:

on 5 October 2022, Interpath were engaged by the Company to provide a valuation report of its subsidiary, Shelby;

in January 2023, Interpath were engaged by the Company to provide a valuation of the Company as well as Shelby;

in January 2023, Interpath were engaged by the Company to provide a review of the financial forecasts for the Company and Shelby for the next two years under two separate scenarios as part of the development of the Scheme;

in November 2023, Interpath were engaged by the Company to provide Contingency Planning in relation to a potential administration appointment of both the Company and Shelby.

We are satisfied that the work carried out by Interpath before our appointment, including the pre-administration work summarised above, has not resulted in any relationships which create a conflict of interest or which threaten our independence to such a degree that we should not have accepted the administration appointment.

Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

3.4 Pre-administration work

The following work was carried out in the days prior to our appointment with a view to placing the Company into administration:

Interpath undertook preparatory steps for taking control of the Company;

Interpath prepared Day 1 customer FAQs and worked with the Company to address concerns of employees immediately following our appointment;

Interpath assisted in the preparation of the appointment documents;

Foot Anstey LLP ('Foot Anstey') advised the Company regarding the administration appointment;

Foot Anstey assisted the directors with the preparation and filing of the appointment documents.

This work was necessary in order to place the Company into administration. Details of our engagement with the Company are set out in Section 3.3 above.

We carried out this work with the objective of achieving the purpose of the administration in accordance with Paragraph 3(1)(b), achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in administration).

3.5 Appointment of Joint Administrators

Consent from the FCA under The Financial Services and Markets Act 2000 was received on 15 November 2023. The directors then resolved on 16 November 2023 to appoint us as Joint Administrators.

The notice of appointment was lodged at the High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD) on 17 November 2023 and we were duly appointed.

Watson Farley & Williams LLP, a firm of independent lawyers, were engaged by us to undertake a review of our appointment, which they have confirmed is valid.

4 Strategy and progress of the administration to date

4.1 Strategy to date

Strategy

The Company had ceased any new lending shortly prior to our appointment. As a result, our current strategy for the administration, in order to maximise realisations for creditors, is to continue the collection of the outstanding loan book for a period of time whilst simultaneously conducting a marketing process to sell all or parts of the residual loan book. The Company needs to continue to comply with its regulatory obligations, such as the handling of customer complaints, whilst collecting out the loan book.

Trading

As above, we are continuing to trade the business in a limited capacity in order to collect the outstanding loans. We have retained a team of staff within the Company and secured the ongoing operation of IT systems in order to maintain both a stable platform and customer service levels to help conduct operations in line with the Company's regulatory obligations.

Upon our appointment, all critical IT suppliers to the business were contacted and in certain instances letters were issued in accordance with section 233B of the Insolvency Act 1986 requiring them to continue to supply their goods and/or services to the Company.

In order to meet the immediate expenses of the administration, including material IT and payroll costs for November 2023, Hay Wain agreed to provide short-term funding to the administration totalling £0.5 million. This funding will be repaid very shortly.

Employees

The Company employed 295 members of staff across the business on our appointment. Immediately upon our appointment, 80 employees were made redundant, with the majority of these positions relating to the lending and underwriting departments, a business activity that had ceased shortly prior to our appointment.

An employee consultation process has been set up by the Joint Administrators and employee representatives from the Company are consulted on a periodic basis around the key activities in the administration process, including any planned further redundancies.

As the administration strategy developed, a further round of redundancies was initiated on 6 December 2023, resulting in a further 30 redundancies. With the inclusion of further ad hoc redundancies throughout the period since our appointment, a total of 113 employees have been made redundant to date, leaving a

staff base of 182 retained by the Company to assist with the ongoing debtor collection and orderly wind down of the business.

Sale of loan book

We are seeking to sell all or parts of the residual loan books. We have identified a number of potentially interested parties and have circulated a teaser document providing an overview of the assets available for sale. Virtual data room access will be provided to parties who wish to progress their interest upon signing a non-disclosure agreement. The sale process remains in progress, and details of the process and its outcome will be included in the Joint Administrators' next update to creditors.

Leasehold properties

Since the impact of COVID, the business has operated on a remote basis. However, the Group continued to operate from two leasehold properties located in Nottingham and Sheffield. A formal surrender of the Nottingham property was offered to the landlord on behalf of Morses and Shelby upon our appointment and Shelby has agreed terms with the landlord of the Sheffield property for the ongoing occupation of the premises to help facilitate an orderly wind down of the businesses.

Redress creditors

Under the terms of the Scheme, due to the appointment of administrators to the Company the Scheme was automatically terminated early. As at 17 November 2023, over 100,000 customers had submitted a claim in the Scheme, of which over 60,000 had been identified as being eligible for a Scheme Creditor Payment (as defined under the Scheme) pursuant, in the vast majority of cases, to the Scheme's automated claim adjudication methodology. These 60,000 customers are now treated as being unsecured creditors in the administration. In addition, there were approximately 8,000 claims that had been submitted but not yet adjudicated by the Company. We have worked to adjudicate these claims in line with the Scheme methodology.

As part of the Scheme, the Company had agreed to set aside £1.2 million for customers with valid redress claims so that those customers would not be in a worse position if the Scheme subsequently failed, or the Company was placed into administration. These funds were known as the Early Termination Funds ('ETF'). However, the terms of the ETF do not provide a formal mechanism to allow us to confirm the beneficiaries of the funds nor a process to distribute the funds. We therefore anticipate needing to seek a Court order to both i) establish a claim deadline and ii) confirm that costs incurred in distributing the ETF are deducted from those funds. It remains uncertain whether there are sufficient funds in the ETF to allow a distribution to beneficiaries, noting there being in excess of 60,000 known eligible claimants and a further unknown number of potential claimants.

In addition to the ETF, the Company also held £0.2 million of VREQ Refunds on trust pursuant to the Scheme terms. These trust funds continue to be held and administered by the Company and it is anticipated some amounts may be available to be released to the Company in due course.

4.2 Asset realisations

Realisations from the date of our appointment to 8 December 2023 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations to date are provided below.

Loan book receipts

The outstanding loan book at the date of our appointment consisted of 46,484 non-defaulted current loans with a gross outstanding balance of £18.1 million, and a further 21,712 of defaulted loans with a gross outstanding balance of £12.1 million. A summary of the loan book as at the date of our appointment is provided below:

Loan Book Debts as at 17 November 2023				
			Gross Book Debt	Total Loans
MCL	All Products	Non-Defaulted	£18,054,319	46,484
		Defaulted	£12,073,173	21,712

In the period to 8 December 2023, we collected £1.7 million in relation to outstanding customer loans of which £0.7 million has been received into the administration bank account. £1.0 million has been received into the Company's pre-appointment bank accounts (held with Santander Bank) which will shortly be transferred to the administration estate.

Cash at bank

The Company operated accounts with Santander, including five current accounts and two trust accounts. We notified Santander immediately of our appointment as Joint Administrators and requested an immediate freeze on all accounts to preserve the cash held in each of these accounts.

The balances on appointment totalled £0.1 million. We have recovered £33,000 and we are seeking to recover the remaining pre-appointment Bank balance. We will update creditors on this in due course.

Funding

As noted in Section 4.1 above, shortly following the appointment, Hay Wain provided short-term funding to the administration estate totalling £0.5 million to ensure the November payroll payment could be made as it fell due shortly after the Joint Administrators' appointment. These funds do not constitute an asset realisation in the estate and are anticipated to be repaid shortly.

Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by emailing us at suppliers_morsesclub@interpathadvisory.com

or by writing to The Joint Administrators of Morses Club Limited, c/o Interpath Advisory, 5th Floor, 130 St Vincent Street, Glasgow G2 5HF, United Kingdom.

4.3 Costs

An estimate of the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

As mentioned in Section 4.1 above, as part of the Scheme the ETF was set aside in a protected trust for customer redress claims in the event the Scheme failed. At this stage, we are developing a strategy to ensure a cost effective approach to invite, adjudicate and pay a dividend on customer redress claims from the ETF funds available. Due to the high volume of potential redress claims that may exist in the customer population, the cost of dealing with customer redress claims is likely to be material. As a result of the uncertainty over the process and costs to deal with the ETF, no costs are included for this work in our current forecasts. We will update our forecasts in due course once the strategy has been finalised. We anticipate costs specifically relating to the ETF will be borne by the ETF rather than the administration estate and therefore these costs will not be subject to the approval of the creditors of the Company.

Payments made from the date of our appointment to 8 December 2023 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made to date are provided below.

Wages & salaries

To date, £430,000 has been paid in respect of the November payroll to cover the 214 staff originally retained by the Company to assist with the realisation of assets and orderly wind down of the Company.

IT costs

Approximately £234,000 has been paid to date to cover payments to critical IT suppliers who are required to help maintain a stable platform in order to facilitate the ongoing collection of outstanding loan balances.

5 Dividend prospects

5.1 Secured Creditor

The Company has one Secured Creditor. As is normal in this situation, we have engaged Watson Farley & Williams LLP, an independent firm of solicitors, to undertake a review of the security documentation. This review remains ongoing and will specifically consider the validity and nature of the Secured Creditor's first ranking fixed charge over cash at bank and realisations from the loan book.

The Company's total secured debt as at the date of the Joint Administrators' appointment was £3.1 million.

Based on current estimates we consider that the Secured Creditor is likely to be repaid in full, although this is dependent on the nature of their security and the level of net realisations from the Company's assets.

Upon our appointment, the Secured Creditor also provided the Company with short-term funding of £0.5 million to cover initial operational costs falling due in the administration. This funding will shortly be repaid in full.

5.2 Ordinary preferential creditors (employees)

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially (in advance of floating charge holders and ordinary unsecured creditors) and in priority to other preferential creditors (see 5.3 below). These claims are therefore referred to as "ordinary preferential creditors".

The Directors' statement of affairs estimates the amount of ordinary preferential claims at the date of our appointment to be £232,856.

Based on current estimates, it is uncertain whether there will be a dividend to ordinary preferential creditors.

5.3 Secondary preferential creditors (HMRC)

Certain claims from HMRC rank preferentially, but secondary to the employee, ordinary preferential creditors above. These claims are therefore referred to as "secondary preferential creditors".

The Directors' statement of affairs estimates the amount of secondary preferential claims at the date of our appointment to be £442,430.

Based on current estimates, it is uncertain whether there will be a dividend to secondary preferential creditors.

5.4 Unsecured creditors

Based on current estimates, it is highly unlikely that there will be a dividend to unsecured creditors.

Trade and other creditors are owed a total of £6.4 million according to the Directors' statement of affairs. In addition to this, the Scheme assessed that over 60,000 customers had redress creditor claims in excess of £143.8 million. We note that the Scheme deadline of 30 November 2023 for Scheme claims does not apply to the administration and therefore the value of customer redress claims may be greater than this should further customers submit complaints.

6 Ending the administration

6.1 Exit route from administration

We consider it prudent to retain all of the options available to us, as listed in Section 9 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be dissolution.

6.2 Discharge from liability

At the appropriate time we propose to seek approval from the Secured Creditor, and if we anticipate there being funds available to distribute to them then also from the preferential creditors, that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

7 Approval of proposals

7.1 Deemed approval of proposals

The Joint Administrators' proposals will be deemed approved, with no requirement to seek deemed consent or use a decision procedure, as it appears that the Company has insufficient property to enable us to make a distribution to the unsecured creditors.

On expiry of eight business days from the date our proposals were delivered to the creditors, they will be deemed to have been approved by the creditors unless 10% in value of creditors request that a decision procedure is convened. Further details of the steps to convene a procedure are detailed below.

7.2 Creditors' right to request a decision

We will use a decision-making procedure or deemed consent to seek approval of our proposals (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed.

Requests for a decision must be made within eight business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor's claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of the decision procedure at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a decision, please complete and return the decision requisition form which is available on the website.

8 Joint Administrators' remuneration, expenses and pre-administration costs

8.1 Approval of the basis of remuneration and expenses

Agreement to the basis of our remuneration and the drawing of Category 2 expenses is subject to specific approval. It is not part of our proposals.

We anticipate that our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5. We are presently in discussions with the Secured Creditor in relation to the level of our remuneration.

Please note, this estimate does not include the cost of dealing with handling the distribution to redress creditors from the ETF. We anticipate our fees and disbursements incurred in handling the distribution of those funds will be deducted specifically from those funds and will therefore not form part of the administration estate.

Should a Creditors' Committee be formed, we will seek to obtain approval from the Creditors' Committee that:

our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;

Category 2 expenses (as defined in Statement of Insolvency Practice 9) will be charged and drawn in accordance with Interpath Advisory's policy as set out in Appendix 5.

In the absence of a Creditors' Committee, once we have concluded our discussions with the Secured Creditor, we propose to seek approval for the above from the Secured and preferential creditors (as applicable).

Time costs

From the date of our appointment to 8 December 2023, we have incurred time costs of £491,730. These represent 676 hours at an average rate of £728 per hour.

Expenses

We have not yet incurred any expenses.

Additional information

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by Interpath for the period from our appointment to 8 December 2023. We have also attached our charging and expenses recovery policy.

8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3.4:

Interpath fees	NIL	5,000.00	5,000.00
Foot Anstey legal fees and expenses	NIL	2,373.00	2,323.00
Total	NIL	7,373.00	7,373.00

In accordance with the engagement letter between Interpath and the Company of 10 November 2023, our fees for pre-administration work are fixed at £5,000 (exc VAT). For completeness we advise that the time costs incurred by the Joint Administrators and their staff for work undertaken on 16 November 2023, being the day prior to appointment, totalled £21,773. The balance of time costs will be written off.

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not part of our proposals.

8.3 Shared costs of Morses and Shelby

The principles and compliance standards with which insolvency practitioners are required to comply include a definition of expenses such that any shared payments incurred by Morses and Shelby which are to be allocated between the insolvent estates are to be treated as a Category 2 expense (as defined in Appendix 5) and require approval, before payment, in the same way as officeholder remuneration (as explained in Section 8.1).

Due to the nature of some of these costs, such as IT costs and wages and salary payments to employees, where services are provided to both Morses and Shelby, we will be required to pay some of these costs prior to obtaining formal approval from creditors of each administration estate. We consider that not meeting these payments on a timely basis would be detrimental to the interests of both administration companies as it would impact the ongoing collection of the loan books and adversely impact the level of realisations achieved.

As the vast majority of any shared costs either have been or will be incurred to enhance recoveries in each of the two administrations, in due course we propose to allocate the shared costs by reference to the proportion of the number of employees, the number of suppliers and/or realisations in each of Morses and Shelby.

We will seek approval for our approach to shared costs, and payment of these as a Category 2 expense, from the appropriate creditor body in each administration estate, presently anticipated to be the Secured Creditor and potentially the preferential creditors should a dividend be available to them. We will provide creditors of both Morses and Shelby with further information once we have more details on the full nature and quantum of such costs.

9 Summary of proposals

As a consequence of the number and value of potential affordability related customer redress claims and other matters that together make it unattractive to trade the Company as a going concern, rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore, our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our Proposals.

We propose the following:

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;
- to seek an extension to the administration period if we consider it necessary.

Distributions

- to make distributions to the secured and preferential creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Rob Spence and Ed Boyle, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;

petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Rob Spence and Ed Boyle, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;

file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We propose that:

our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;

Category 2 expenses (as defined in Statement of Insolvency Practice 9) will be charged and drawn in accordance with Interpath Advisory's policy as set out in Appendix 5;

unpaid pre-administration costs be an expense of the administration.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Appendix 1 Statutory information

Company and Trading name	Morses Club Limited (in administration)
Date of incorporation	16 January 2009
Company registration number	06793980
Trading address	Building 1 The Phoenix Centre, Colliers Way, Nottingham, United Kingdom, NG8 6AT
Previous registered office	Building 1 The Phoenix Centre, Colliers Way, Nottingham, United Kingdom, NG8 6AT
Present registered office	Interpath Ltd, 10 Fleet Place, London, EC4M 7RB
Company Directors	Graeme Campbell Gary Marshall Peter Ward Stephen Curtis Terence Baxter
Company Secretary	N/a
Administration appointment	The administration appointment granted in High Court of Justice Business and Property Courts of England and Wales Insolvency and Companies List (ChD), CR-2023-0006396
Appointor	Directors
Date of appointment	17 November 2023
Joint Administrators	Robert Spence and Ed Boyle
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	16 November 2023
Prescribed Part	The Prescribed Part is applicable on this case. It has been taken into account when determining the dividend prospects for unsecured creditors (Section 3)
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is yet to be determined. The Prescribed Part is capped at the statutory maximum of £800,000.
Prescribed Part distribution	If funds do become available for a distribution under the Prescribed Part, the Joint Administrators may make a distribution to the unsecured creditors; or if appropriate, may apply to the Court to obtain an order that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits
Application of EU Regulations	EU Regulations apply and these proceedings will be the COMI Proceedings as defined in Article 3 of the EU Regulations.

Appendix 2

Joint Administrators' receipts and payments account

Morses Club Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 17/11/2023 To 08/12/2023 (£)	From 17/11/2023 To 08/12/2023 (£)
FIXED CHARGE CREDITORS			
(3,175,081.00)	Fixed charge creditor	NIL	NIL
		NIL	NIL
ASSET REALISATIONS			
9,026,619.38	Book debts	747,650.64	747,650.64
253,113.23	Cash at bank	33,375.28	33,375.28
51,492.40	Other debtors	NIL	NIL
135,945.49	Prepayments	NIL	NIL
		781,025.92	781,025.92
OTHER REALISATIONS			
	Bank interest, gross	31.22	31.22
	Funding	500,000.00	500,000.00
		500,031.22	500,031.22
COST OF REALISATIONS			
	Irrecoverable VAT	(46,963.93)	(46,963.93)
	Professional fees	(648.50)	(648.50)
	IT payment	(234,171.13)	(234,171.13)
	Wages & salaries	(429,763.06)	(429,763.06)
		(711,546.62)	(711,546.62)
		569,510.52	569,510.52
PREFERENTIAL CREDITORS			
(232,855.97)	Employees	NIL	NIL
(442,429.61)	HM Revenue & Customs	NIL	NIL
		NIL	NIL
UNSECURED CREDITORS			
(150,722,499.44)	Trade & expense	NIL	NIL
		NIL	NIL
DISTRIBUTIONS			
(1,343,481.59)	Ordinary shareholders	NIL	NIL
(146,449,177.11)		569,510.52	569,510.52

Morses Club Limited - in Administration**Abstract of receipts & payments**

Statement of affairs (£)	From 17/11/2023	From 17/11/2023
	To 08/12/2023 (£)	To 08/12/2023 (£)

REPRESENTED BY

Administration current account

569,510.52

569,510.52

Note: The receipts and payments above do not include the ETF (£1.2 million) and VREQ funds (£0.2 million) received since appointment as they do not represent an asset realisation for the estate and are being held until a process to confirm the beneficiaries and process claims is determined.

Appendix 3

Joint Administrators' fees estimate

Strategy, statutory and compliance - strategic planning and execution, appointment & related formalities, bonding, checklist & reviews, advertising	1	448.55	304,862.00	679.66
Asset Realisation - including insurance of assets	2	221.20	153,175.00	692.47
Tax - VAT & corporation tax, initial reviews, pre and post appointment tax	3	67.80	46,474.00	685.46
Creditors and claims - general correspondence, notification of appointment, statutory reports	4	300.05	197,830.00	659.32
Cashiering - processing receipts, payments and bank reconciliations	5	65.40	33,802.00	516.85
General - books & records, fees & work in progress	6	116.75	97,166.00	832.26
Investigations - director conduct and affairs of the Company	7	65.95	39,151.00	593.65
Employees - correspondence, payroll	8	258.10	161,257.00	624.78
Trading - purchases, sales and cash projections	9	603.15	414,068.00	686.51
TOTAL		2,146.95	1,447,785.00	674.35

Please note, this estimate does not include the cost of dealing with handling the distribution to redress creditors from the ETF. We anticipate our fees and disbursements incurred in handling the distribution of those funds will be deducted specifically from those funds and will therefore not form part of the administration estate.

Overleaf is further detail of the work to be undertaken for this engagement:

Note 1: Strategy, statutory and compliance

Engagement management work will comprise setting and reviewing the strategy for the administration, ensuring sufficient funds are available to meet any third-party costs, and undertaking progress reviews. Statutory and compliance work will additionally include notifying the Registrar of Companies and other relevant parties of our appointment, arranging bonding and ensuring compliance with all statutory obligations such as reporting to creditors.

Note 2: Asset realisation

This primarily consists of costs relating to the proposed sale of the loan book and/or its supporting platforms, and the collection of cash balances from the Company's bank and merchant acquirers.

Note 3: Tax

VAT and Tax specialists from within Interpath will review the Company's tax and VAT affairs. We will submit post-administration tax and VAT returns as required.

Note 4: Creditors and claims

Our work includes notification of our appointment and issuing statutory reports to creditors, alongside responding to general creditor queries and correspondence received during the administration.

Note 5: Cashiering

Cashiering costs will include processing of receipts and payments for the Company, bank reconciliations, day to day administration of the estate's bank accounts and fund management.

Note 6: General

General time costs include matters which do not easily fit into the other categories, such as maintaining certain pre-appointment records, alongside monitoring and reviewing administration case files, developing the administration strategy with the executive management team, the Joint Administrators and their staff, and regular reporting to the Secured Creditor and the FCA.

Note 7: Investigations

Our anticipated work in relation to investigations will involve correspondence with directors, requesting the completion of the Statement of Affairs and questionnaire, and review of these documents. This will also include reviewing the Company's affairs and submitting our findings on the directors' conduct to the Insolvency Service.

Note 8: Employees

Work undertaken in relation to employees comprises holding initial employee meetings to notify them of the administration; preparing correspondence in relation to employee redundancies and dealing with any subsequent enquiries; managing those staff retained by the Company to assist with the administration; and payroll processing.

Note 9: Trading

As the Company is currently still collecting loan balances, it continues to trade in a limited capacity. This work includes regular management information reporting, dealing with customer queries and complaints, liaising with suppliers, reviewing daily collections and arranging refunds for instances of erroneous overpayments, as well as liaising with the FCA on an ongoing basis.

Appendix 4 Joint Administrators' expenses estimate

Cost of realisations

Interpath's pre-administration fees	1	5,000.00
Pre-administration legal fees	2	2,373.00
IT costs	3	945,000.00
Employee costs	4	1,610,000.00
Legal fees	5	75,000.00
Insurance of assets	6	35,000.00
Repayment of funding including interest	7	530,000.00
Other supplier costs including contingency	8	350,000.00
Irrecoverable VAT	9	282,464.00
TOTAL		3,834,837.00

Note 1: Interpath's pre-administration fees

Interpath's pre-administration fees include costs incurred on the day prior to the administration, being 16 November 2023. This included work undertaken in preparing communications for employees, customers and key suppliers, preparing appointment documents and reviewing, alongside, management, which employees will need to be retained by the Company to assist with the loan book collection and orderly wind down. Whilst they will be subject to separate approval, our fees for this work are fixed at £5,000 (exc VAT) per the engagement letter signed with the Company on 10 November 2023.

Note 2: Pre-administration Legal fees

Pre-administration legal fees comprise Foot Anstey's costs in relation to preparing the documentation to appoint administrators to the Company and Court fees for the administration application. These will be subject to separate approval.

Note 3: IT costs

IT costs relate to payments to software, infrastructure and support suppliers for Morses' key systems and data sources (for example maintaining Company records, loan book collections, financial management and human resources). The majority of IT costs and supplier agreements are met by Morses, however, Shelby also benefits from these services. As the vast majority of any shared costs either have been or will be incurred to enhance recoveries in each of the two administrations, in due course we propose to allocate the shared costs by reference to the proportion of the number of employees, the number of suppliers and realisations in each of Morses and Shelby. For the purposes of this report only, we have shown a 70:30 split of IT costs across Morses and Shelby and any final allocation will be proposed in due course.

Note 4: Employee costs

Employee costs represent the gross payroll costs (i.e. salary, employers' taxes and pension contribution) in relation to staff retained by the Company.

Note 5: Legal fees

Legal fees comprise the costs expected to be incurred during the administration by our lawyers, Foot Anstey, on a number of matters including the proposed sale of the residual loan book and employment law advice.

Note 6: Insurance of assets

Our estimated insurance costs include the costs of obtaining (or maintaining) public liability insurance, cyber liability, employers' insurance and general asset insurance etc. during the administration.

Note 7: Repayment of funding including interest

As noted previously, Hay Wain provided short-term funding to the administration estate totalling £0.5 million to ensure the November payroll payment could be made as it fell due shortly after the Joint Administrators' appointment. These funds do not constitute an asset realisation in the estate and are anticipated to be repaid shortly including interest at 6%.

Note 8: Other supplier costs including contingency

Other supplier costs include general statutory administration costs as well as other key services required to ensure ongoing 'business as usual' operations and compliance with regulatory requirements of the business, including mailing suppliers. We have also included a contingency to reflect the uncertainty around some of these costs whilst discussions with suppliers are ongoing.

Note 9: Irrecoverable VAT

VAT is irrecoverable on all costs related to the collection of the loan book.

Appendix 5 Joint Administrators' charging and expenses policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of in-house Interpath Advisory tax, VAT and employee specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/>

If you are unable to access this guide and would like a copy, please contact Marie Hayden on 0118 214 5929.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Managing Director	1,060
Director	980
Associate Director	870
Manager	700
Senior Administrator	510
Administrator	375
Support	175

This administration utilises Interpath's Restructuring charge out rates reflecting the complexity, scale and regulated nature of the business. Immediately on our appointment we took control of an organisation with in excess of 55,000 debtors who each owe up to £1,500 to the Company and operates in a regulated sector.

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

Policy for the recovery of expenses

Where funds permit, the officeholders will seek to recover both Category 1 and Category 2 expenses from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Expenses: These are any payments which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also includes disbursements which are payments first met by the office holder, and then reimbursed to the office holder from the estate.

Category 1 expenses: These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 expenses: These are payments to associates or which have an element of shared costs. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Associates: are defined in the insolvency legislation but also extends to parties where a reasonable and informed third party might consider there would be an association between the third party and the office holder or their firm.

Category 2 expenses charged by Interpath Restructuring include mileage.

Mileage claims are charged at up to a maximum of 45p per mile, depending on the member of staff and vehicle type. When carrying Interpath passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have not yet incurred any expenses during the Period.

We have the authority to pay Category 1 expenses without the need for any prior approval from the creditors of the Company.

Category 2 expenses are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 17 November 2023 to 8 December 2023

The key areas of work have been:

Statutory and compliance	collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to any licences held by the Company; providing initial statutory notifications of our appointment to the Registrar of
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	Companies, creditors and other stakeholders, and advertising our appointment; issuing a press release and posting information on a dedicated web page for creditors; arranging bonding and complying with statutory requirements; securing company books and records including IT records; ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	formulating, monitoring and reviewing the administration strategy, including the decision to trade the business on a limited scale to maximise realisation of the loan book and meetings with internal and external parties to agree the same; briefing of our staff on the administration strategy and matters in relation to various work-streams; regular case management and reviewing of progress, including regular team update meetings and calls; meeting with management to review and update strategy and monitor progress; reviewing and authorising junior staff correspondence and other work; dealing with queries arising during the appointment; reviewing matters affecting the outcome of the administration; allocating and managing staff/case resourcing and budgeting exercises and reviews; liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters; complying with internal filing and information recording practices, including documenting strategy decisions.
Reports to debenture holders	providing written and oral updates to representatives of Hay Wain regarding the progress of the administration and case strategy.
Cashiering	setting up administration bank accounts and dealing with the Company's pre-appointment accounts; preparing and processing vouchers for the payment of post-appointment invoices; creating remittances and sending payments to settle post-appointment invoices; liaison with third parties to help prepare payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks; reviewing and processing employee expense requests; reconciling post-appointment bank accounts to internal systems; ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	gathering initial information from the Company's records in relation to the taxation position of the Company; submitting relevant initial notifications to HM Revenue and Customs; reviewing the Company's pre-appointment corporation tax and VAT position; analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; working initially on tax returns relating to the periods affected by the administration; analysing VAT related transactions; dealing with post appointment tax compliance.
Shareholders	providing notification of our appointment; responding to enquiries from shareholders regarding the administration; providing copies of statutory reports to the shareholders.
General	reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.
Trading	preparing cash flow statements to monitor the cash position; attending to supplier and customer queries and correspondence; ensure ongoing operation of IT systems to help facilitate the ongoing collection of outstanding loan balances; negotiating and making direct contact with various suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support; raising, approving and monitoring purchase orders and setting up control systems for trading; dealing with issues in relation to other assets required for the trading in a limited capacity to support the collection of outstanding loans; updating the Company's customer correspondence, the Company's operating policy and processes and training the Company staff with updated FAQs; communicating and responding to customers regarding complaints and enquiries; performing a cyber-security review of the Company's IT systems; performing a regulatory compliance review of the Company's procedures that remained relevant for the ongoing collection of the customer loan book;

	investigating and rectifying issues of any regulatory non-compliance.
Asset realisations	collating information from the Company's records regarding the assets; liaising with finance companies in respect of assets subject to finance agreements to arrange for their return as required; reviewing outstanding debtors and management of debt collection strategy; liaising with Company credit control staff and communicating with debtors; pursuing debtors for the payment of outstanding amounts; reviewing the inter-company debtor position between the Company and other group companies.
Sale of business	planning the strategy for the sale of the business / loan books, including instruction and liaison with professional advisers; seeking legal advice regarding sale of business / loan books, including regarding non-disclosure agreements; performing a regulatory and commercial review of the outstanding customer loan books to identify those available for sale; collating relevant information and drafting information memorandum in relation to the sale of the Company's business and assets and advertising the business for sale; dealing with queries from interested parties and managing the information flow to potential purchasers, including the provision of several quotes to set up a data room; managing management calls with interested parties, fielding due diligence queries and maintaining a record of interested parties;
Health and safety	liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with.
Open cover insurance	arranging ongoing insurance cover for the Company's business and assets; liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place; assessing the level of insurance premiums.
Employees	dealing with queries from employees regarding various matters relating to the administration and their employment; dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments; holding employee consultation meetings to update employees on progress in the administration and our strategy; administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns; communicating and corresponding with HMRC; dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Service; managing claims from employees; ensuring security of assets held by employees.
Pensions	collating information and reviewing the Company's pension schemes; calculating employee pension contributions and review of pre-appointment unpaid contributions; ensuring compliance with our duties to issue statutory notices; liaising with the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment; ensuring death-in-service cover for employees remains in place; communicating with employees representatives concerning the effect of the administration of pensions and dealing with employee queries.
Creditors and claims	drafting and circulating our proposals; creating and updating the list of unsecured creditors; responding to enquiries from creditors regarding the administration and submission of their claims.
Investigations/ Directors	reviewing Company and directorship searches and advising the directors of the effect of the administration; liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies; arranging for the redirection of the Company's mail; reviewing the questionnaires submitted by the Directors of the Company.

Time costs

Pre-Administration costs (16/11/2023 to 16/11/2023)						
	Hours					
	Partner / Director	Manager	Administrator	Support	Total	Average Hourly Rate (£)
Pre-Admin Advising company re administration	2.00		5.00		7.00	4,670.00
Pre-Admin Appointment documents			1.10		1.10	412.50
Pre-administration checks	12.80	3.90	4.60		21.30	16,690.70
Total	14.80	3.90	10.70	0.00	29.40	21,773.20

SIP 9 –Time costs analysis (17/11/2023 to 08/12/2023)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	11.10	4,832.00	435.32
Reconciliations (& IPS accounting reviews)	0.30	112.50	375.00
General			
Books and records	3.55	1,848.25	520.63
Data management	3.90	3,822.00	980.00
Fees and WIP	0.20	212.00	1,060.00
IT infrastructure	61.00	54,159.00	887.85
Statutory and compliance			
Appointment and related formalities	28.70	20,154.50	702.25
Bonding & Cover Schedule	1.40	714.00	510.00
Budgets & Estimated outcome statements	11.00	9,592.00	872.00
Checklist & reviews	15.10	5,703.00	377.68
FCA Reporting	4.50	3,705.00	823.33
Regulatory compliance matters	1.00	980.00	980.00
Statutory advertising	0.75	382.50	510.00
Strategy documents	27.30	25,950.00	950.55
Strategy meetings	88.75	59,483.50	670.24
Tax			
Initial reviews - CT and VAT	3.20	2,894.00	904.38

SIP 9 –Time costs analysis (17/11/2023 to 08/12/2023)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Post appointment corporation tax	0.90	556.50	618.33
Post appointment PAYE (Non-Trading)	0.40	348.00	870.00
Post appointment VAT	0.80	450.50	563.13
Creditors			
Creditors and claims			
General correspondence	33.95	15,931.00	469.25
Notification of appointment	19.50	11,105.00	569.49
Secured creditors	8.70	8,822.00	1,014.02
Statutory reports	1.40	1,262.00	901.43
Customer complaints	27.10	26,558.00	980.00
Strategy/comms for VREQ funds	0.50	490.00	980.00
Employees			
Employee Correspondence	68.10	44,910.50	659.48
Pensions reviews	3.80	1,506.00	396.32
RPO redundancy payments service	9.00	6,300.00	700.00
Investigation			
Directors			
Correspondence with directors	0.20	212.00	1,060.00
Directors' questionnaire / checklist	8.90	4,778.00	536.85
Statement of affairs	1.50	926.00	617.33
Investigations			
Mail redirection	1.45	570.75	393.62
Realisation of assets			
Asset Realisation			
Banking matters	1.80	1,687.00	937.22
Cash and investments	5.40	4,742.00	878.15
Debtors	6.70	5,886.00	878.51
Health & safety	1.00	375.00	375.00
Insurance	2.70	1,998.00	740.00
Leasehold property	1.50	562.50	375.00
Sale of loan book	18.00	16,100.00	894.44
Trading			
Cash & profit projections & strategy	18.40	15,753.00	856.14
Employee Matters / PAYE	97.40	70,000.50	718.69
Negotiations with suppliers / landlords	47.90	33,979.50	709.38

Post trading related matters	3.00	2,100.00	700.00
Purchases and trading costs	9.80	5,556.00	566.94
Trading Management	14.00	13,720.00	980.00
Total in period	675.55	491,730.00	727.90

Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	675.55	491,730.00
Carry forward time (appointment date to SIP 9 period end date)	675.55	491,730.00

Note: time incurred under 'customer complaints' includes time dealing with customer queries and complaints. The benefit of this work relates to both the administration which continues to operate regulated activities as well as being for the benefit of the ETF in determining eligible claims. Once further information is available for us to better determine an appropriate basis, we anticipate a portion of these costs will be allocated and charged to the ETF rather than the administration estate.

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 6 Statement of Affairs, including creditor list

This is the Statement of Affairs for the Company as at the date of our appointment.

We have not carried out anything in the nature of an audit on the information provided. The figures do not take into account the costs of the administration.

Rule 3.30

Statement of Affairs

Name of company MORSES CLUB LIMITED	Company number 06793980
In the High Court of Justice Business and Property Courts of England and Wales <small>(full name of court)</small>	Court case number CR-2023-6396

Statement as to the affairs of (a)
Morses Club Ltd, The Pheonix centre, 1 Colliers Way, Nottingham, NG8 6AT

(a) Insert name and address of registered office of the company


on the (b) 17/11/2023 the date that the company entered administration.

(b) Insert date of appointment

Statement of Truth

I believe that the facts stated in this statement of affairs are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Full name Graeme Campbell

Signed 

Dated 08/12/2023

A - Summary of Assets

Assets

	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Loan Book		
Gross Debt	18,075,336	9,026,619
Less Def Inc, Impairment, Bal write off provision	-12,529,604	
Cash	1,616,974	253,113
Other debtors	57,214	51,492
Total assets subject to fixed charge	7,219,920	9,331,225
Less: Amount(s) due to fixed charge holder(s)	-3,175,081	-3,175,081
Shortfall/surplus to fixed charge holder(s) c/d	4,044,839	6,156,144
Assets subject to floating charge:		
All other assets		
Intangibles (software)	3,323,788	0
Investments (investment in Shopacheck)	1,321,416	0
Tangible Assets	366,710	0
Prepayments	1,359,455	135,945
Intercompany Balance	5,240,356	0
Deferred Tax Asset	4,088,888	0
Total assets subject to floating charge	15,700,613	135,945
Uncharged assets:		
Total uncharged assets	0	0
Estimated total assets available for preferential creditors		6,292,090

Signature



Date 8/12/2023

A1 - Summary of Liabilities

£	Estimated to Realise £
Estimated total assets available for preferential creditors (carried from page A)	6,292,090
Liabilities	
Ordinary preferential creditors:	0
Ordinary preferential (employee) creditors (No.)	-232,856
Other preferential creditors	0
	-232,856
Estimated total assets available for secondary preferential creditors	6,059,234
Secondary preferential creditors (HMRC) Oct + part Nov	-442,430
Estimated deficiency/surplus as regards preferential creditors	5,616,804
Less uncharged assets	0
Net property	5,616,804
Estimated prescribed part of net property where applicable (to carry forward)	-800,000
Estimated total assets available for floating charge holders	4,816,804
Debts secured by floating charges	0
Estimated deficiency/surplus of assets after floating charges	4,816,804
Estimated prescribed part of net property where applicable (brought down)	800,000
Uncharged assets	0
Total assets available to unsecured creditors	5,616,804
Unsecured (trade) (non-preferential) creditors	-150,194,683
Unsecured (employee) creditors (No.)	-527,816
Unsecured (pre-paid consumer) creditors (No.)	0
Estimated deficiency/surplus as regards unsecured creditors	-145,105,696
Shortfall to fixed charge holders (brought down)	0
Shortfall to preferential creditors (brought down)	0
Shortfall to floating charge holders (brought down)	0
Estimated deficiency/surplus as regards creditors	-145,105,696
Issued and called up capital	-1,343,482
Estimated total deficiency/surplus as regards members	-146,449,177

Signature



Date 8/12/2023

Company Trade Creditors

NOTE: You must include all creditors with the EXCEPTION of employee creditors and pre-paid consumer creditors. You must confirm if any of the creditors are under hire-purchase, chattel leasing or conditional sale agreements by stating which of these (if any) are applicable in the column below. You must also identify any creditors claiming retention of title over property in the Company's possession by including a tick in the ROT column below.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Data security given	Value of security £	H/P/Chattel/Conditional Sale	Claiming ROT	Trade Creditors
eploy	Epjoy House, Edwin Avenue, Hoo Farm Industrial Estate, Kidderminster,	3,659						W01462
UNITA Business Software Ltd	Suite 201, 100 Longwater Avenue, Green Park, Reading, Berkshire, RG2 6	117,439						W00153
Royal Mail	185 Farningdon Road, London, United Kingdom, EC1A 1AA	2,939						W00172
Grant Thornton	30 Finsbury Square London EC2P 2YU	12,000						W00182
Masterlease	Number One, Great Exhibition Way, Kristall Forge, Leeds LS5 3BF	1,843						W00201
Experian	Sir John Peace Building Experian Way NG2 Business Park Nottingham	1,513						W00235
Equifax	1 Angel Court, London, EC2R 7HJ	79						W00215
Lowell Portfolio 1	No 1 The Square, Thorpe Park, Leeds, LS15 8QH	138,182						W00352
Verlingue	Forum House, 41 To St Brighton Road, Redhill, Surrey, United Kingdom,	239,660						W00445
Evereadys Sutherland	One Wood Street, London EC4V 7WS	14,599						W00540
C2 S48385	500 Brook Drive, Reading, RG2 6UU	640						W00646
ECHO Managed Services	Green Lane, Wallcall, WS3 7PD	2,164						W00670
C2 S90353	500 Brook Drive, Reading, RG2 6UU	-14,395						W00693
Consultus International UK Ltd	Consultus House Friars Mill, 96 Bath Lane Leicester LE3 5Bj	2,697						W00788
Ewe Agency	5 The Courtyard, Hawksworth Estate, Thorpe Lane, Gouzeley, Leeds, LS20	5,040						W00774
Glasgow City Council	Bryn House Unit 3 Caerphilly Business Park, Caerphilly CF83 3GR	0						W00833
C2 S47615	500 Brook Drive, Reading, RG2 6UU	7,714						W00838
Link Asset Services	Link Group - Share Dealing - Central Square, 29 Wallington Street, Leeds	3,752						W00894
Credit safe	Bryn House Unit 3 Caerphilly Business Park, Caerphilly CF83 3GR	4,207						W00999
Softcat	1st Floor Toronto Square, Toronto Street, Leeds, LS1 2HJ	6,901						W01046
Royal Mail 0716595001 DD	185 Farningdon Road, London, United Kingdom, EC1A 1AA	30.0						W01087
Warwick Financial	Warwick Financial Services Limited PO BOX 448, Huddersdon EN11 1UN	24,256						W01189
Simplyhealth	Simplyhealth House, Derwent Ave, Manchester M21 7QP	1,168						W01194
Corporate Travel Management	Shire House, Humboldt Street, Bradford, BD1 5HQ	427						W01189
Quadrant A300780	3rd Floor Press Centre Here East, 14 East Bay Lane, London, England, E9 5	-300						W01250
EDF Energy DO	90 Whitefield Street, London, England, W1T 4Z2	1,222						W01257
Amazon	1 Principal Place Weymouth Street London EC2A	60						W01229
Perfect Data Solutions	1850 Parkway, Whiteley, Fareham, Hampshire, PO15 7AH	13,117						W01230
Dodigital	No. 1 London Bridge, London, SE1 9RG	2,367						W01237
COPE Occupational Health	1st Floor, Arnold Business Centre, Nottingham, NG5 7ER	100						W01271
ICB Group - Zurich DO	Forum House, 41 To St Brighton Road, Redhill, Surrey, United Kingdom,	187						W01442
Trivium Software	City View House 5 Union Street, Ardwick, Manchester, England, M12 4JD	9,895						W01467
Matlife +26040595	UK address 15 Bedford St, London WC2E 8HE	31,843						W01472
Matlife +26002996	UK address 15 Bedford St, London WC2E 8HE	7,669						W01473
HMRC VAT 190 754 79		16,191						W01494
Lantern	Lantern Protection House, 83 Bradford Road, Leeds, LS29 6AT	1,538						W01505
UK IT Networks Ltd	3 The Clocktower Manor Lane, Holmes Chapel, Crewe, England, CW4 6DJ	1,847						W01507
DT Group Limited	DT Group Unit 1 Alexandria Court, Alexandria Drive, Ashton-Under-Lyne,	1,524						W01509
Nouveau Finance Limited	The Old Police Station Talbot Road, Doncaster DN11 8DE	6,196						W01521
T Dot UK Limited	Suite 5, 23 Hinton Rd, Bournemouth, UK, BH1 2BF	13,717						W01528
Global Shares Ireland Ltd	1 Poultry, London EC3R 8EJ	7,425						W01539
Dightonmy Limited	Steam Mill Business Centre, Steam Mill Street, Chester, Cheshire, United	2,189						W01543
Team Engine Software	44 Southampton Buildings, London, WC3A 1AP	5,400						W01552
CFAS	Lynton House 7-12 Twickenham Square London WC2H 9LT	12,639						W01555
C2 S930056	500 Brook Drive, Reading, RG2 6UU	23,167						W01558
Radius Telematics Limited	Eurocard Centre Herald Park, Herald Drive, Crewe, England, CW1 6EG	45						W01593
PricewaterhouseCoopers LLP	One Chamberlain Square, Birmingham, B3 3AX	140,519						W01578
Clifford Chance LLP	10 Upper Bank Street, London, E14 5Jf	305,479						W01585
Rastore Digital Ltd	Digital, Village Way, Bilston, Wolverhampton, England, WV74 0UJ	4,183						W01587
Grant Screening Ltd	Fourth Floor, 90 High Holborn, London, England, WC1V 6AJ	355						W01589
Avyse Partners	c/o Mitchells, 41 Rodney Road, Cheltenham, Gloucestershire, GL50 1HX	2,384						W01590
Worldpay	The Walbrook Building, 23 Walbrook, London EC4A 3BF	13,449						W01594
D J Investments Ltd	103-104 John Wilson Business Park, Whitstable, Kent, CT5 3QY	283						W01596
C2 S902762	500 Brook Drive, Reading, RG2 6UU	10,200						W01599

Appendix 7 Glossary

Company / Morses	Morses Club Limited- in Administration
ETF	Early Termination Fund
FCA	Financial Conduct Authority
Foot Anstey	Foot Anstey LLP
FYXX	Financial Year 20XX
Group	The Company together with Shelby Finance Limited (in administration);
HCC	Home collect credit
Interpath/Interpath Advisory	Interpath Ltd
Joint Administrators/we/our/us	Rob Spence and Ed Boyle
Santander	Santander Bank plc, the Company's pre-appointment banking facility provider
Scheme	Scheme of Arrangement
Secured Creditor / Hay Wain	Hay Wain Group Limited (As Security Agent) for Margin Call Limited
Shelby	Shelby Finance Limited – in Administration

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 8 Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by Rob Spence and Ed Boyle, the Joint Administrators of Morses Club Limited – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Robert Thomas Spence and Edward George Boyle are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales. We are bound by the Insolvency Code of Ethics. The Officeholders may be Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – www.interpathadvisory.com/privacy-insolvency.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Interpath Ltd does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

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